United Nations E/CN.3/AC.1/1998/L.2

Economic and Social Council

Distr.: Limited
3 November 1997

Original: English

Working Group on International Statistical Programmes and Coordination
Nineteenth session
New York, 10-13 February 1998
Item 5 of the provisional agenda*

Work of the inter-agency task forces

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Working Group the reports of the Task Force on Environment Statistics (Convener: United Nations Statistics Division) (annex I); the Task Force on Service Statistics (Convener: Organization for Economic Cooperation and Development) (annex II); the Task Force on Finance Statistics (Convener: International Monetary Fund) (annex III); and the Task Force on International Trade Statistics (Convener: World Trade Organization) (annex IV).

* E/CN.3/AC.1/1998/L.1.

97-30924 (E) 181297 221297

Annex I

Task Force on Environment Statistics

Report prepared by the United Nations Statistics Division (Convener)

1. At its twenty-ninth session,[a] the Statistical Commission requested that the future work of the Task Force on Environment Statistics should focus on improved coordination of its programmes and activities. In this context, the Commission considered basic environment statistics to be of the highest priority, followed by environmental indicators and accounting. The Commission stressed the need to develop a closer linkage between environmental indicators and environmental accounting and welcomed the collaboration between the United Nations Statistics Division and the London Group on Natural Resource and Environmental Accounting on the revision of the System of Integrated Environmental and Economic Accounting (SEEA). The Commission also endorsed the establishment of an electronic bulletin board for sharing information on technical cooperation activities.

2. Since, to date, a formal report of the Task Force has not yet been prepared, the description of international activities set out below is provided by the Convener of the Task Force for the benefit of the Working Group.

3. At its thirty-first session (16-18 September 1997) the Subcommittee on Statistical Activities of the Administrative Committee on Coordination (ACC) considered that "there was a special need for coordination in this area of statistics" and requested the Bureau "to prepare for a session on this topic at the next session of the Subcommittee". In preparation for that session, the Statistics Division plans to convene a 2nd meeting of the Task Force early in 1998 or, alternatively, to organize the discussion by correspondence. The Task Force is expected to focus on coordination and cooperation in (a) the international compilation of environmental indicators, (b) the review and revision of SEEA, (c) information exchange on projects of technical cooperation in environmental statistics and accounting and (d) the need to avoid duplication of data collection and to ensure the use of international standards in the dissemination of environmental data by electronic means.

4. Following the approval by the Statistical Commission, at its twenty-eighth session, of an international compilation of environmental indicators from national statistical services, the Statistics Division is currently developing a questionnaire on selected environmental indicators. The questionnaire is intended to be circulated to all national statistical services in 1998. This exercise has been significantly delayed owing to the inability to fill vacancies in the Branch. A pilot questionnaire has almost been completed and will be circulated to the Governments that participated in the 4th meeting of the Intergovernmental Working Group on the Advancement of Environment Statistics before the end of 1997. The questionnaire will be modified according to the results of the pilot test.

5. Informal consultations with the Organisation for Economic Cooperation and Development (OECD) have confirmed that the Statistics Division's indicator compilation will not duplicate the efforts of OECD. OECD will therefore continue to collect indicators from its member States, while the Statistics Division will obtain indicators from non-OECD countries only. The Statistics Division questionnaire will be a modified version of the OECD questionnaire, both in length and complexity, as it will be adapted to the needs and statistical capacities of developing countries and countries with economies in transition. Similar arrangements will be made with the specialized agencies, secretariats of international conventions and other international organizations for incorporating pertinent indicators into the Division's database.

6. As part of the methodological work of the Statistics Division, a manual on environmental statistics and indicators is being prepared by a consultant. The manual will contain concepts, definitions, classifications, descriptions of data sources, tabulations and data uses for environmental indicators specified by the Intergovernmental Working Group on the Advancement of Environment Statistics. It is expected that the manual will be completed by the end of 1998.

7. In response to decisions made by the Commission on Sustainable Development and the Inter-Agency Committee on Sustainable Development, the Division for Sustainable Development has launched a United Nations System-wide Sustainable Development Web Site. Information on the Site is country-, issue- and indicator-specific, with hyperlinks to related official information maintained on other United Nations Web sites, convention secretariat sites and the sites of Governments. The purpose is to make information collected through national reporting more accessible, transparent and easier to share.

8. In environmental accounting, the so-called "Nairobi Group", in charge of work on an operational manual for SEEA implementation, will meet in November 1997 for the finalization of a first draft of the manual. The draft will be circulated to a wide range of international organizations and experts in the field. The manual will include implementation software and is expected to be published in 1998.

9. The London Group on Natural Resource and Environmental Accounting, at its fourth meeting (Ottawa, 17-20 June 1997), discussed the recommendation of the Statistical Commission to collaborate with the Statistics Division in the revision of SEEA. The Group decided to avoid a formalized revision process for the time being, but would initiate a review of SEEA, leading to an update of the system. To this end, small subgroups are working on (a) the development of a common framework, covering alternative systems, (b) the links between accounts and indicators in physical and monetary terms, (c) concepts and methods of measuring natural resource depletion and (d) other methodological issues of lesser priority. Consolidated papers prepared by the subgroups will be reviewed for possible inclusion in a revised SEEA at the meeting of the London Group in May 1998. The Statistics Division will suggest to the Task Force on Environment Statistics to expand the participation in the review/revision process to those countries and international organizations that are not represented in the London Group.

10. As a first step towards improved transparency and coordination of proliferating technical cooperation projects, especially in environmental accounting, the Statistics Division has established an electronic bulletin board for information-sharing on technical cooperation activities. It can be accessed at

http://www.un.org/Depts/unsd/enviro

Points for discussion

11. The members of the Working Group may wish to encourage the full participation of national statistical services and international organizations in the first international compilation of environmental indicators.

Notes

[a] *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 23.

Annex II

Task Force on Service Statistics

Report prepared by the Organisation for Economic Cooperation and Development (Convener)

1. At its twenty-ninth session,[a] the Statistical Commission stressed the importance of ensuring consistency between the fifth edition of the *Balance of Payments Manual,* the Central Product Classification (CPC) Version 1.0, the System of National Accounts (SNA) 1993 and the manual on trade in services statistics proposed by the Task Force on Service Statistics. The Commission requested that the contents of the proposed manual be consistent with the findings of Working Party No. 9 of the Industry Committee on Industrial Statistics on Globalization of OECD.

2. The Inter-Agency Task Force on Service Statistics met in New York on 26 and 27 June 1997, hosted by the United Nations. The main item on the agenda was a discussion of a draft manual on trade in services statistics. Four international organizations — International Monetary Fund (IMF), the World Trade Organization (WTO), the Statistical Office of the European Communities (Eurostat) and OECD — are jointly funding the preparation of a manual on trade in services statistics. Mr. Jack Bame, formerly of the Bureau of Economic Analysis (BEA) and IMF, was hired to write the main chapters of the manual and he has completed this work. The Task Force reviewed the draft chapters at its meeting in June 1997 and made a number of recommendations regarding revisions and additions to the chapters as well as on the content of the two remaining chapters. Mr. Bame has informed the Task Force that he does not wish to continue the work and the four organizations are currently considering who to hire to complete the manual. The chapters are as follows:

Introduction*
The conceptual framework
Classifications
Transactions between residents and non-residents
Transactions between residents in the globalization context
Definitions of service items*

3. The Task Force held a lengthy discussion on the classifications to be used. It was agreed that for transactions between residents and non-residents the Manual will recommend the use of the Balance of Payments (BOP)/product classification, which is itself based on the Eurostat-OECD Trade in Services Classification. There will be a correspondence table between this classification and one or more versions of CPC to help compilers understand the exact composition of the BOP/product classification. Foreign Affiliates Trade Statistics (FATS) variables will be classified according to the International Standard Industrial Classification of All Economic Activities (ISIC); this is itself linked with CPC. CPC can therefore be seen as providing the fundamental building blocks of the classifications to be used in the manual.

4. Another important issue discussed at the Task Force meeting concerned the adoption of a phased approach to the implementation of the system described in the manual. This is important owing to the relatively crude state of data on international trade in services at the present time. The manual will suggest the various steps to be followed in moving to full implementation of the system.

5. The organizations concerned are aiming to have the complete manual ready for the approval of the United Nations Statistical Commission at its session in 1999.[b] This will be preceded by wide circulation of the draft manual to all States Members of the United Nations and members of IMF.

6. Members of the Task Force agreed to change its name to "Task Force on Statistics of International Trade in Services" in order to reflect more accurately its present mandate, which focuses on problems relating to the collection of data on trade in services.

7. The next meeting of the Task Force is to be held at Geneva on 4 and 5 June 1998. It will be hosted by WTO.

Notes

* To be drafted.

[a] *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 27.

[b] Although the term manual is used, the publication includes classifications and other elements of methodology that are similar to recommendations or guidelines and consequently the approval of the Statistical Commission will be sought.

Annex III

Task Force on Finance Statistics

Report prepared by the International Monetary Fund (Convener)*

I. Twenty-ninth session of the Statistical Commission

1. In response to the request of the Statistical Commission at its twenty-eighth session,[a] the Task Force on Finance Statistics, in its report to the Commission at its twenty-ninth session, (E/CN.3/1997/13, annex) noted that a specific link with the 1993 System of National Accounts (SNA) either had been established or was in the process of being established in the relevant manuals. Linking with SNA was an explicit goal of the work on the fifth edition of the *Balance of Payments Manual,* published in 1993. For the manuals on monetary and financial statistics and government financial statistics currently being developed and revised by IMF, a major effort is being made to ensure as complete a harmonization with the 1993 SNA as possible, consistent with the needs related to their specialized uses. In the context of the requirements established for the European Monetary Union, Eurostat and the European Monetary Institute (EMI) have identified a range of actions for financial statistics that reflect the adoption of harmonized concepts and definitions (residency, currency breakdown, coverage), all within the framework of the European System of Accounts.

2. The Commission took note of the activities and progress in balance of payments, monetary and financial statistics and government finance statistics; it also took note of efforts to harmonize concepts and definitions in those areas with the 1993 SNA.[b]

3. As to modalities for further work, the Commission endorsed the proposal contained in the report of the Task Force to amend the terms of reference of the Task Force to incorporate a request that work programmes of international organizations in the field of finance statistics be presented periodically in a report.[c] This report would be a means of providing updated information and as the basis for the discussion of particular issues.

* For an introduction and background, see the report of the Task Force on Finance Statistics (E/CN.3/1997/13, annex), in particular paras. 1-5.

II. Status of methodological work in finance statistics

4. Following an expert group meeting in November 1996, IMF has worked to complete the *Manual on Monetary and Financial Statistics*. The *Manual* will be published at the end of 1997. Revision of training materials is under way. The revised materials will supplement the *Manual* in seminars and courses for the countries of the former Soviet Union (in cooperation with the Central Bank of Russia), for Caribbean countries (in cooperation with the Eastern Caribbean Central Bank) and for Latin American countries (in cooperation with the Centre for Latin American Monetary Studies).

5. As to government finance statistics, in response to the outline of the revised manual, comments have been received from some 70 statistical agencies and units in 43 countries and from international organizations. Drafting of the manual is under way; comments on the draft will be invited and an expert group meeting held. The target completion date is 2000.

6. The IMF Balance of Payments Statistics Committee will meet from 22 to 24 October 1997. The agenda will include discussions of the Coordinated Portfolio Investment Survey, focusing on the modalities for the exchange of results among the 36 participating countries and on coverage of securities held as reserve assets; financial derivatives (see para. 7 below); trade in goods, focusing on the shuttle trade; and trade in services. In addition, the Committee will review a report on the joint IMF and OECD survey of the methodology and compilation procedures employed by member countries in compiling foreign direct investment data. The metadata gathered by this joint survey are expected to give compilers and users of direct investment data a better understanding of the methodologies used worldwide in compiling these data; they should help to indicate the present weaknesses in data compilation and to spread best practice. Further information about the Committee and its work products is available at the IMF Internet site: http://www.imf.org/bop.

7. In April 1997, IMF circulated a discussion draft for comment, entitled "The statistical measurement of financial derivatives". The discussion draft sought to clarify and

amplify guidelines on financial derivatives contained in the 1993 SNA and fifth edition of the IMF *Balance of Payments Manual*. In many respects, the draft endorses their key recommendations, but it contains two proposals for change. First, it takes a less restrictive view than the 1993 SNA about which financial derivative contracts fall within the existing SNA asset boundary, in effect allowing for the inclusion of more over-the-counter (or non-exchange traded) financial derivative contracts. Second, and related to the first point, the paper proposes that interest rate swaps and forward rate agreements be recognized as financial assets and that net cash settlement payments in these contracts be classified as financial transactions rather than as property income flows, as recommended in the 1993 SNA. From the comments received so far, it appears that the paper and its recommendations are viewed favourably. The discussion draft is now being revised and will be recirculated for discussion by the IMF Committee on Balance of Payments Statistics in October 1997. Thereafter, the paper will be submitted to the Inter-Secretariat Working Group on National Accounts.

III. Amendment of the terms of reference of the Task Force

8. The amendment of the terms of reference of the Task Force could be accomplished by adding the following:

> On a periodic basis, report on the work programmes of international organizations, including, as appropriate, regional organizations, as they relate to the development and maintenance of methodologies and compilation guides, compilation, processing, dissemination, and technical assistance and cooperation in the field of finance statistics.

The regional organizations could include, for example, the Centre for Latin American Monetary Studies, the Arab Monetary Fund and the South-East Asian Central Banks Research and Training Centre, all of which undertake substantial training and technical assistance activities in one or more of the specialized systems of finance statistics.

Notes

[a] *Official Records of the Economic and Social Council, 1995, Supplement No. 4* (E/1995/28), para. 24.

[b] Ibid., *1997, Supplement No. 4* (E/1997/24), para. 49.

[c] Ibid., para. 50.

Annex IV

Task Force on International Trade Statistics

Report prepared by World Trade Organization (Convener)

Introduction

1. At its twenty-ninth session, the Statistical Commission:[a]

(a) Decided that the order of priority for carrying out methodological work should be:

(i) Preparation of a compiler's manual;

(ii) Preparation of a revision of *Customs Areas of the World;*

(iii) Collection of technical information on index numbers of international trade statistics;

(b) Encouraged all countries to supply the commodity breakdown of their current and past international trade statistics to the United Nations Statistics Division, preferably in terms of the Harmonized Commodity Description and Coding System (HS), for the purpose of completing the Statistics Division database according to HS;

(c) Welcomed the adoption, by the Harmonized System Committee (HSC) of the World Customs Organization (WCO), of the draft recommendation that countries provide the United Nations Statistics Division with their international trade statistics according to HS and expressed its support for the adoption of that recommendation by the WCO Council;

(d) Decided that the Task Force on International Trade Statistics should continue to function and should address the issues set out in its report to the Commission (E/CN.3/1997/10, annex) and other issues within its established terms of reference;

(e) Adopted the draft revised concepts and definitions for international merchandise trade statistics (PROV/ST/ESA/STAT/SER.M/52/Rev.2), subject to the Secretariat's incorporating amendments that would clarify the draft text while maintaining its structural integrity;

(f) Requested the Secretariat to publish and distribute the revised concepts and definitions;

(g) Also requested the Secretariat to work towards further harmonization of the concepts and definitions for international merchandise trade statistics with the *System of National Accounts 1993* (1993 SNA)[c] and the fifth edition of the *Balance of Payment Manual,* of the International Monetary Fund (IMF).[d]

I. Compiler's manual

2. The Statistics Division is preparing a work plan for circulation to the members of the Task Force. The proposed approach, whereby the manual would be developed as a synthesis of several available national manuals and amended to comply with the revised concepts and definitions, was well received by the Task Force members.

II. Customs areas of the world

3. The Statistics Division will prepare an outline, accompanied by a list of questions, to ensure a detailed and standardized definition of each statistical/customs area. It will be sent to members of the Task Force for review and then to the appropriate country authorities.

III. Index numbers of international trade: technical information

4. The Statistics Division intends to begin work on this issue during the next two years when nearing the end of the work described in sections I and II above. As a first step, the Statistics Division will review existing United Nations publications and collect and analyse information on country practices in index number construction and use. A more definitive statement and an outline will be presented at the forthcoming meeting of the Task Force.

IV. Provision by countries to the United Nations Statistics Division of international trade statistics in terms of the harmonized system

5. The Council of the World Customs Organization, at its ninetieth session (Budapest, 16-19 June 1997), adopted a recommendation concerning the reporting of trade data to the United Nations Statistics Division (see appendix), which had been proposed by HSC and supported by the Statistical Commission. Subsequently, the WCO secretariat sent the recommendation to national customs administrations and the Statistics Division sent it to national statistical offices, encouraging countries to comply with the recommendation.

V. Revised concepts and definitions for international merchandise trade statistics

6. The Statistics Division has revised the text adopted by the Commission, in accordance with the Commission's directions (see para. 1 (e) above) and submitted it for editing, translation, publication and dissemination. The Task Force intends to address the further harmonization of the concepts and definitions for international merchandise trade statistics with the 1993 SNA and the fifth edition of the *Balance of Payments Manual* in conjunction with the preparation of the compiler's manual (see para. 2 above). The compiler's manual will correspond to the concepts and definitions already approved by the Commission and the findings related to further harmonization will be scheduled for subsequent study.

VI. Other matters

A. Flow of data among international organizations

1. Use by the Statistics Division of IMF monthly data

7. Following completion of a reconciliation exercise in 1996, the Statistics Division is using all series of aggregate imports and exports in national currency reported to IMF and published in the *International Financial Statistics* (IFS). The Division continues to collect or estimate data for countries not reporting to IMF (some 61 countries as of March 1997). The Division and IMF will continue to explore the possibility of faster data transfer between the two organizations. The Division has begun to use the unit value/price and volume (quantum) index number series published in IFS in national currency. As of February 1997, index numbers series for 51 out of 58 countries available from IMF were used by the Division. The series for the remaining seven countries maintained by both organizations still need to be updated or reconciled. The Division is investigating the adoption of the IMF series of aggregate import and export values published in IFS in United States dollars. A report will be prepared for the forthcoming meeting of the Task Force.

2. Differences between annual figures in the Commodity Trade Statistics Database and in the United Nations Statistics Division/IMF database of aggregate imports and exports

8. The Statistics Division has continued to review the differences between the annual values of aggregate imports and exports in United States dollars provided by countries and stored in the Statistics Division Commodity Trade Statistics Database (Comtrade) (aggregate of detailed commodity-by-partner data), with the aggregate imports and exports also provided by countries and stored in the United Nations Statistics Division IMF database. A number of differences have been explained and appropriate adjustments have been made either to Comtrade data or to the United Nations Statistics Division IMF aggregate database.

3. Arrangements between the Statistical Office of the European Communities, the Organization for Economic Cooperation and Development and the United Nations Statistics Division for detailed trade data

9. Eurostat, OECD and the United Nations Statistics Division are trying to move towards common sourcing of commodity trade data to eliminate duplication in collection and processing and to improve the comparability of the data maintained by the three organizations. A jointly prepared proposal is that (a) OECD and the Statistics Division would take Eurostat-processed data for the five European countries that have ceased collecting intra-community imports on a country-of-origin basis; (b) the Statistics Division would take OECD-processed data for other OECD countries; and (c) the Statistics Division would continue to collect and process data for all other countries and make them available to Eurostat and OECD. Eurostat, OECD and the Statistics Division will prepare a progress report jointly for the forthcoming meeting of the Task Force.

4. Comtrade: status, plans and user needs

10. The flow of data into Comtrade continues to improve as a result of continuing cooperation from countries, intensive follow-up, where necessary, and from the sharing of data collected by the international organizations. The Comtrade system, enhanced to accommodate data according to the Harmonized System, became fully operational as of 1 November 1995 and national data are being added to it as countries supply them.

5. Correlations between classifications used in trade

11. The Statistics Division has completed the correlation between the 1988 HS and the Standard International Trade Classification, Revision 2 (SITC, Rev.2). As the 1992 HS differs from the 1988 HS only marginally, an agreed correlation between the 1992 HS and SITC, Rev.2 also exists. A correlation between the 1996 HS and SITC Rev.3 was prepared; the correlation for 46 HS codes remains in question, of which 44 are contained in chapter 72 (Iron and steel) of *The Harmonized Commodity Description and Coding System*;[e] consultations with Eurostat on this correlation are continuing. The Statistics Division has agreed to test data conversion from HS to SITC, Rev.2 directly and via SITC, Rev.3, analyse the results and report to the Task Force at its forthcoming meeting. Data have been converted from SITC, Rev.1 to SITC, Rev.2 but, according to various tests conducted thus far, this has not produced acceptable results at the 4- and 5-digit levels; the Division will further examine the advantages and disadvantages of converting these data at a higher level of the classification to provide longer term time series according to SITC, Rev. 2.

6. Quarterly data in Comtrade

12. At the 1996 meeting of the Task Force, the Statistics Division agreed to continue its efforts to collect quarterly data, but to process these data only on request, while users investigated alternative sources for quarterly data. At the 1997 meeting, users indicated that they had found alternative sources where necessary and the Task Force noted that consequently the Division would no longer collect and process quarterly data. This decision was noted by the ACC Subcommittee on Statistical Activities at its session in September 1997.

7. Trade in military goods

13. WTO circulated its proposals concerning the possible separate identification in HS of goods for military use, together with the draft observations of the Harmonized System Review Subcommittee. Apart from technical discussions on the proposed nomenclature and related descriptions, the Subcommittee had stressed that objective criterion should be substituted for end-use criterion to facilitate the classification of goods by customs officials. WTO agreed to keep the Task Force informed of the future deliberations of the Harmonized System Committee on this matter.

8. National reporting practices

14. The Statistics Division issued "National reporting practices in international merchandise trade statistics" (ST/ESA/STAT/112) in February 1996. The report was sent to all countries for information, review, comment and correction. As of September 1997, 20 countries had provided responses and all corrections had been entered into the database. In October 1997, countries were requested to provide any updated information to complete the database.

Notes

[a] *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 39.

[b] Statistical Papers, Series M, No. 30/Rev.2 (United Nations publication, Sales No. E.89.XVII.12).

[c] Commission of the European Communities/International Monetary Fund/Organisation for Economic Cooperation and Development/United Nations/World Bank, *System of National Accounts, 1993* (Brussels/Luxembourg, New York, Paris, Washington, D.C., 1993).

[d] International Monetary Fund, *Balance of Payments Manual*, 5th ed. (Washington, D.C., 1993).

[e] Customs Cooperation Council, *The Harmonized Commodity Description and Coding System* (Brussels, 1984).

Appendix

Draft recommendation of the Customs Cooperation Council concerning the reporting of trade data to the United Nations Statistics Division

(...1997)

The Customs Cooperation Council,

Noting that the Harmonized System has been widely adopted by member countries and customs or economic unions for their customs tariff and statistical nomenclatures,

Considering that one of the stated aims of the Harmonized System is to facilitate the collection, comparison and analysis of international trade statistics,

Considering that a close correlation should be maintained between the Harmonized System and the Standard International Trade Classification (SITC) of the United Nations,

Having regard to the obligation under article 3 of the Harmonized System Convention for contracting parties to make publicly available their import and export trade statistics in terms of the Harmonized System,

Taking into account the needs of the United Nations Statistics Division to have trade statistics based on the Harmonized System,

Recommends that member administrations and contracting parties to the Harmonized System Convention report their import and export trade statistics to the United Nations Statistics Division in terms of the Harmonized System;

Requests member administrations and contracting parties to the Harmonized System Convention to notify the Secretary-General of their acceptance of this recommendation and of the date of its application.